Planning by	Reviewed	Performed by	Final review

Maphumulo Local Muncipality
Annual Financial Statements
for the year ended 30 June 2017

General Information

Mayoral committee	
Mayor	Cllr Z.F Khuzwayo-Dlamini
Councillors	Cllr C.Z. Ncalane(ANC Deputy Mayor)
	Cllr C.S. Shange (ANC- Speaker)
	Cllr N.P. Nxumalo (IFP-Exco Member)
	Cllr N.B. Hlongwa (ANC-Councillor)
	Cllr M.H. Khoza (ANC-Councillor)
	Cllr D.B Luthuli (ANC-Councillor)
	Cllr T.P. Mchunu (IFP- Councillor)
	Cllr Z.G. Mthembu (IFP-Councillor)
	Cllr F.M. Ncalane (ANC- Councillor)
	Cllr N.H Ngcobo (ANC-Councillor)
	Cllr M.L. Ngidi (IFP-Councillor)
	Cllr K.P. Ninela (IFP- Councillor)
	Cllr Z.W. Ninela (ANC-Councillor)
	Cllr J.N.Ntuli (ANC Councillor)
	Cllr N.S. Ntuli (ANC-Councillor)
	Cllr M.F. Nzuza (IFP- Councillor)
	Cllr S.Z.M Nzuza (ANC- Councillor)
	Cllr N. Sithole(IFP- Councillor)
	Cllr K.M. Xhakaza (ANC- Councillor)
	Cllr T.J. Zungu (IFP- Councillor)
	Cllr J.M. Khathi (IFP- Councillor)
Grading of local authority	Two
Accounting Officer	N.H Maphumulo(Acting) 01July 2016- 23 September 2016
	C.S. Mhlongo (Acting) 24 September 2016- To Date
Chief Finance Officer (CFO)	V. Dube (Acting) 01 July 2016- 23 September 2016
	G.S. Majola (Acting) 24 September - To Date
Business address	MR 711 LOT 152
	Maphumulo
	4470
Postal address	Private Bag X9205
	Maphumulo
	4470
Bankers	First National Bank
	250255
Auditors	Auditor General (South Africa)

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Accounting Officer's Responsibilities and Approval

As an accounting officer I am responsible for the preparation of these annual Financial Statements, which are set out on pages 4 to 58, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officers Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page s 4 to 58, which have been prepared on the going concern basis, were approved by the on 31 August 2017.

Accounting Officer
Mr. C.S. Mhlongo (Acting Municipal Manager)

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Receivables from exchange transactions	2	1 014 337	1 643 106
VAT receivable	3	3 542 911	3 995 927
Prepayments	4	386 463	696 176
Consumer debtors	5	14 235 844	11 817 470
Staff Debtors	38	395 327	-
Cash and cash equivalents	6	32 588 258	22 796 580
		52 163 140	**40 949 259**
Non-Current Assets			
Investment property	7	11 508 361	12 046 772
Property, plant and equipment	8	193 337 141	178 635 277
Intangible assets	9	981 556	324 250
		205 827 058	**191 006 299**
Total Assets		**257 990 198**	**231 955 558**
Liabilities			
Current Liabilities			
Long Term Loan	10	2 010 917	1 376 488
Finance lease obligation	11	671 662	6 137 009
Payables from exchange transactions	12	18 611 841	16 049 895
Unspent conditional grants and receipts	18	16 705 150	16 546 200
Provisions	39	141 041	5 518 452
		38 140 611	**45 628 044**
Non-Current Liabilities			
Long Term Loan	10	850 106	2 404 596
Finance lease obligation	11	-	672 047
Provisions	39	908 060	886 107
		1 758 166	**3 962 750**
Total Liabilities		**39 898 777**	**49 590 794**
Net Assets		**218 091 421**	**182 364 764**
Accumulated surplus		218 091 421	182 364 764

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	13	906 176	743 166
Interest charged on trade and other receivables	14	1 457 585	1 468 226
Licences and permits		600	-
Other income	15	145 494	1 869 295
Interest received - investment	16	3 196 930	2 061 544
Total revenue from exchange transactions		**5 706 785**	**6 142 231**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	17	12 658 191	14 074 318
Transfer revenue			
Government grants & subsidies	18	111 064 051	115 389 853
Total revenue from non-exchange transactions		**123 722 242**	**129 464 171**
Total revenue	19	**129 429 027**	**135 606 402**
Expenditure			
Employee related costs	20	(27 200 046)	(25 439 037)
Remuneration of councillors	21	(6 511 849)	(6 326 432)
Auditor's Remuneration	22	(1 097 624)	(1 116 498)
Depreciation and amortisation	23	(11 447 700)	(10 852 296)
Impairment loss/ Reversal of impairments	41	(453 645)	(253 630)
Finance costs	24	(804 887)	(1 519 572)
Debt Impairment	40	(639 794)	(3 035 647)
Repairs and maintenance	25	(2 009 459)	(2 040 758)
Contracted services	42	(9 668 983)	(16 867 608)
General Expenses	26	(33 722 432)	(29 226 172)
Total expenditure		**(93 556 419)**	**(96 677 650)**
Operating surplus		**35 872 608**	**38 928 752**
Loss on disposal of assets		(145 952)	(145 234)
Surplus for the year		**35 726 656**	**38 783 518**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2015	**143 581 244**	**143 581 244**
Changes in net assets		
Surplus for the year	38 783 520	38 783 520
Total changes	38 783 520	38 783 520
Balance at 01 July 2016	**182 364 764**	**182 364 764**
Changes in net assets		
Surplus for the year	35 726 657	35 726 657
Total changes	35 726 657	35 726 657
Balance at 30 June 2017	**218 091 421**	**218 091 421**

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Cash Receipts from Ratepayers, Government & Others		125 364 170	119 193 455
Interest income		3 196 930	2 061 544
		128 561 100	121 254 999
Payments			
Employee costs and councillors remuneration		(33 574 854)	(31 765 469)
Suppliers		(50 068 842)	(46 564 836)
Finance costs		(804 887)	(1 519 572)
		(84 448 583)	(79 849 877)
Net cash flows from operating activities	27	**44 112 517**	**41 405 122**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(26 000 458)	(27 388 830)
Proceeds from sale of property, plant and equipment	8	(69 414)	12 341
Purchase of other intangible assets	9	(798 181)	-
(Increase)/ Decrease in Staff Debtors		(395 327)	128 736
Net cash flows from investing activities		**(27 263 380)**	**(27 247 753)**
Cash flows from financing activities			
Increase/ (Decrease) of Long term liabilities		(920 060)	(1 207 222)
Movement in other liabilities		-	(8 767)
Increase/ (Decrease) in Finance lease liability		(6 137 399)	(5 827 742)
Net cash flows from financing activities		**(7 057 459)**	**(7 043 731)**
Net increase/(decrease) in cash and cash equivalents		**9 791 678**	**7 113 638**
Cash and cash equivalents at the beginning of the year		22 796 580	15 682 942
Cash and cash equivalents at the end of the year	6	**32 588 258**	**22 796 580**

Maphumulo Local Muncipality

(Registration number KZN294)
Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	1 131 000	(283 000)	**848 000**	906 176	**58 176**	
Interest charged on trade and other receivables	1 938 000	65 000	**2 003 000**	1 457 585	**(545 415)**	A
Licences and permits	-	-	**-**	600	**600**	B
Other income	235 000	(81 000)	**154 000**	145 494	**(8 506)**	
Interest received - investment	2 322 000	(122 000)	**2 200 000**	3 196 930	**996 930**	C
Total revenue from exchange transactions	**5 626 000**	**(421 000)**	**5 205 000**	**5 706 785**	**501 785**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	10 658 000	2 868 000	**13 526 000**	12 658 191	**(867 809)**	
Transfer revenue						
Government grants & subsidies	110 891 000	166 000	**111 057 000**	111 064 051	**7 051**	
Total revenue from non-exchange transactions	**121 549 000**	**3 034 000**	**124 583 000**	**123 722 242**	**(860 758)**	
Total revenue	**127 175 000**	**2 613 000**	**129 788 000**	**129 429 027**	**(358 973)**	
Expenditure						
Personnel	(26 666 000)	(926 000)	**(27 592 000)**	(27 200 046)	**391 954**	
Remuneration of councillors	(6 882 000)	-	**(6 882 000)**	(6 511 849)	**370 151**	
Auditors Remuneration	(1 320 000)	-	**(1 320 000)**	(1 097 624)	**222 376**	D
Depreciation and amortisation	(13 810 000)	851 000	**(12 959 000)**	(11 447 699)	**1 511 301**	E
Impairment loss/ Reversal of impairments	-	-	**-**	(453 645)	**(453 645)**	
Finance costs	(1 150 000)	359 000	**(791 000)**	(804 887)	**(13 887)**	
Bad debts Impairement	(750 000)	(750 000)	**(1 500 000)**	(639 794)	**860 206**	F
Repairs and maintenance	(5 833 000)	1 777 000	**(4 056 000)**	(2 009 459)	**2 046 541**	G
Contracted Services	(9 494 000)	(776 000)	**(10 270 000)**	(9 668 983)	**601 017**	
General Expenses	(32 824 000)	(216 000)	**(33 040 000)**	(33 722 432)	**(682 432)**	
Total expenditure	**(98 729 000)**	**319 000**	**(98 410 000)**	**(93 556 418)**	**4 853 582**	
Operating surplus	**28 446 000**	**2 932 000**	**31 378 000**	**35 872 609**	**4 494 609**	
Loss on disposal of assets and liabilities	-	-	**-**	(145 952)	**(145 952)**	
Surplus before taxation	**28 446 000**	**2 932 000**	**31 378 000**	**35 726 657**	**4 348 657**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**28 446 000**	**2 932 000**	**31 378 000**	**35 726 657**	**4 348 657**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

A- Interest on trade and other receivable variance of R545 415 is resulted from that other rates payers paid before they become due i.e Public works paid rates for the full year in November 2016 therefore budget interest on outstanding debtors appears as over budgeted.

B- License Renewals- during the budget and the adjustment budget stage the municipality was on the plan to collect revenue from license renewals and since this plan was not yet finalised we didn't budget to receive anything during the year. then the municipality resolve that this and we started collecting the license renewal fees from commercial debtors.

C- Interest earned on investment-the variance is due that the municipality earned more that what was anticipated.

D- External auditors - the budget was overbudgeted by R222 000 as a result municipality failed to spent the budgeted amount.

E- Depreciation was overbudgeted because during the budgeting stage we anticipated that the motor vehicles would be bought early in 2017 but it happened that the vehicles were bought two months before the financial year end.

F- Bad debts Impairment- the reason of variance is that municipality received the revenue from debtors which were past due
G- Repairs and maintenance- reason for the variance is that we budgeted repairs for road and the repairs for road was very law compared to the budgeted

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not off set, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. This basis presumes that funds would be available to finance future operation, the realisation of assets and settlement of liabilities, Contingent Obligations and commitments would occur in the ordinary course of business.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Uses of available information and the application of judgemental is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgement of the municipality, supplemented by experience of similar transactions and, in some, cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertanities surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items,the obligation is estimated by weighing all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34

Depreciation usefullife the municipality depreciate all depreciable assets on a straight line method of depreciation over the assigned useful operating life of an assets.

Post- employment benefits municipality would recognises the cost of those benefits over the period of the employees services, consistently with accounting for other employee benefit.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Value in use cash generated assets should not be carried at amount higher than their service potential from use by the municipality unlike value in use the market value in use, a market value does not necessarily reflect the service service potential of an assets.
.
Impairment loss should be recognised if it is considered probable that an asset is impaired i.e if it is probable that the municipality will not recover the currying amount of the assets (probability criterion)

Interest effective, all arrears in respect of accounts for rates and municipal services bear interest afdays after due date at a rate prescribed. Accounts for rates that are billed yearly will bear interest after 60 days from the invoice or statement date.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for :

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations:
- Land held for a currently undetermined future use (if the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);

Investment property is unrecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.
.
Investment property is subsequent at cost less accumulated depreciation and impairment of an assets over the useful life of an investment property which is 30 years. The impairment test of investment property are done on annual bases for every year

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Reserves

The municipality maintains no Reserves with exception of the Accumulated Surplus.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when

- it is probable that future economic benefits or service potential associated with the item will flow to the
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

1.6 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Accounting Policies

1.6 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
(a)the period of time over which an asset is expected to be used by the municipality; or
(b)the number of production or similar units expected to be obtained from the asset by the municipality
.
Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Item	Depreciation method	Average useful life
Land and Buildings	Straight line	10-30 years
Plant and machinery	Straight line	10 - 55 years
Furniture and fixtures	Straight line	10-15 years
Motor vehicles	Straight line	5-15 years
Office equipment	Straight line	5-10 years
IT Eqipment	Straight line	3-7 year
Infrastructure	Straight line	10-50 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Accounting Policies

1.6 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.7 Trade & Other Receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cashflows discounted at the effective interest rate, computed at initial recognition.

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

1.8 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, internally generated	5 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A financial asset is:
- cash;
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Accounting Policies

1.9 Financial instruments (continued)

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term loan	Financial asset measured at amortised cost
Finance lease liabilities	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term loan	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability and the consideration paid is recognised in surplus or deficit.

1.9 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;

Accounting Policies

1.10 Statutory receivables (continued)

- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. Short term employee benefits are recognised in the Statement of Financial Performance.

Accounting Policies

1.12 Employee benefits (continued)

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Pension, Provident, Retirement Benefits and Group Life Scheme

The municipality provides retirement benefits for its employees in the form of both defined benefit and defined contribution plans. The municipality is no longer providing retirement benefits for the Councillors as they are now getting a total cost to company package.

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement. A defined contribution plan is a plan under which the municipality pays a fixed contribution into a separate entity. The municipality has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior period.

The contributions to fund obligations for the payment of retirement benefits are charged against the revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognized as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

The defined benefit obligation, the related current cost and where applicable, past-service, is determine by using the projected unit credit method. A portion of the actuarial gains and losses is recognized as revenue or expense, provided the net cumulative actuarial gains and losses at the end of the previopus reporting period exceed greater of.

10% of the present value of the defined benefit obligation at that date before deducting plan assets; and
10% of the fair value of the plan assets.

The portion of the actuarial gains and losses to be recognized is equal to the excess calculated, using the above limits and divided by the expected average remaining working lives of the employees participating in the plan. Unvested past-service costs are recognized as an expense in the Statement of Financial Performance.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.Commitments represent goods/servicesthat have been ordered, but no delivery has taken place at reporting date.

Accounting Policies

1.13 Commitments (continued)

Approved and contracted commitments represent expenditure that has been approved and the contract is yet to be awarded or is awaiting finalization at reporting date.

Commitments are disclosed in the financial statements if they meet the following criteria.
The underlying contracts are non- cancellable or only cancellable at significant cost, and
Contracts that relate to non- routine transaction.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and relate to contracts other than routine,steady,state business of the department

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are shown in the disclosure note to the extent that such amounts have been recorded in the financial statements
.
Commitments disclosed in the notes to the financial amounts represent the aggregate amount of capital and current expenditure at the reporting date

1.14 Revenue from exchange transactions

Revenue is the gross infow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods (Rental space and Tender documents)

1.14 Revenue from exchange transactions (continued)

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services
when the outcome of transaction involving the rendering of a service can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the translation at the reporting date. The outcome of the transaction can be estimated reliably when all the following condition are satisfied :

The amount of revenue can be measured reliable

It is probable that the economic benefit or service potential associated with transaction will flow to the municipality

The stage of completion of the transaction at the reporting date can be measures reliable; and

The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

When the service are performed by indeterminate number of acts over a specific time frame, revenue is recognised on a straightline bases over the specific time frame unless they is evidence that some other methods better represent the stage of completion. when the specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed. when the outcome of transaction involving the rendering of services can not be estimated reliable, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest earned on investments

The interest accrued on all the municipality’s investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality’s operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Unauthorised expenditure

Unauthorised expenditure

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main divisions.

1.18 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the accounting period from 01/07/2016 to 30/06/2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of Comparative and Actual Information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 13 & 14.

Comparative information is not required.

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Accounting Policies

1.25 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued:

Standard or Interpretation

GRAP 18: Segment Reporting

GRAP 20: Related parties

GRAP 32: Service Concession Arrangements: Grantor

GRAP 105: Transfers of functions between entities under common control

GRAP 106: Transfers of functions between entities not under common control

GRAP 107: Mergers

GRAP 108: Statutory Receivables

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

2. Receivables from exchange transactions

Trade debtors - Rentals	1 467 194	1 262 709
Rental Debtors Straight Line	316 749	316 749
Sundry Debtors	458 155	1 172 998
Other Debtors (PAYE Control)	-	72 109
Provision for doubtful debts	(1 227 761)	(1 181 459)
	1 014 337	**1 643 106**

Trade and other receivables past due but not impaired

Trade and other receivables less than 5 months past due are not considered to be impaired. Only trade debtors (rentals) which are from 5 to 6 months past due are considered to be impaired and rental debtors which are less than 5 months past due are not considered to be impaired. Rental debtors past due but not impaired as at 30 June 2017, R230 980 - (2016: R 81 250) (these amounts is made of the different between rental debtors and the provision for doubtful debts).

The ageing of amounts past due but not impaired is as follows:

Current	66 223	24 375
1 month past due	65 743	16 050
2 months past due	61 761	12 038
3 months past due	20 267	10 199
4 months past due	16 986	18 688
	230 980	81 250

Trade and other receivables impaired

As of 30 June 2017, trade and other receivables of R 1 458 740 - (2016: R 1 183 876) were impaired and provided for.

The amount of the provision was R1 227 761 - as of 30 June 2017 (2016: R1 181 459)

The ageing of these provisions is as follows:

5 to 6 months	15 121	17 649
Over 6 months	1 212 640	1 163 811
	1 227 761	1 181 459

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(1 181 459)	(849 855)
Provision for impairment	(46 302)	(331 604)
	(1 227 761)	**(1 181 459)**

No receivables have been pledged as security.

3. VAT receivable

VAT	3 542 911	3 995 927

VAT is payable on the receipt basis. VAT is paid over to SARS only once payment is received from debtors.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

4. Prepayments

SALGA Membership Fees for 2015/16	-	475 000
AON Building Insurance policy	386 463	221 176
	386 463	**696 176**

5. Trade and Other Receivables from non-exchange transactions

Gross balances		
Rates	22 290 879	19 279 012
Less: Allowance for impairment		
Rates	(8 055 034)	(7 461 542)
Net balance		
Rates	14 235 844	11 817 470

Trade and Other Receivables from Non- Exchange past due but not impaired

Consumer Debtors are divided into three groups of debtors which are Government debtors, Commercial debtors and other debtors (Ingonyama Trust). Only the Commercial debtors which are from 4 to 6 months past due are considered to be impaired and commercial debtors wich are less than 3 months past due are not considerd to be impaired. At 30 June 2017, R14 254 889 - (2016: R 11 817 470) were past due but not impaired	-	-
	-	-
	-	-
Balance of Consumer Debtors Past due but not impaired	-	-
Commercial Debtors	570 417	640 069
Government Debtors	6 895 064	7 632 160
Other Debtors	6 770 363	3 545 241
	14 235 844	**11 817 470**

Trade and Other Receivables past due but not impaired

Current (0 -30 days)	699 568	489 065
31 - 60 days	688 696	512 533
61 - 90 days	610 601	506 337
91 - 120 days	543 472	521 278
121 - 365 days	11 693 507	9 788 257
	14 235 844	**11 817 470**

Commercial Debtors

Current (0 -30 days)	155 051	161 389
31 - 60 days	153 022	159 718
61 - 90 days	150 990	156 855
91 - 120 days	111 354	162 107
	570 417	**640 069**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

5. Trade and Other Receivables from non-exchange transactions (continued)

Government Debtors		
Current (0 -30 days)	156 140	276 808
31 - 60 days	152 404	281 829
61 - 90 days	116 070	278 890
91 - 120 days	121 131	288 959
121 - 365 days	6 349 319	6 505 674
	6 895 064	**7 632 160**

Other Debtors (Ingonyama Trust)		
Current (0 -30 days)	388 377	71 354
31 - 60 days	383 270	70 986
61 - 90 days	343 541	70 592
91 - 120 days	310 986	69 818
121 - 365 days	5 363 234	2 790 367
	6 789 408	**3 073 117**

The ageing of the provision is as follows		
91 - 120 days	149 394	163 237
121 - 365 days	148 597	154 521
> 365 days	7 757 043	7 143 784
	8 055 034	**7 461 542**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(7 461 542)	(4 757 500)
Contributions to allowance	(593 492)	(2 704 042)
	(8 055 034)	**(7 461 542)**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 216	3 075
Bank balances	2 643 969	2 122 142
Short-term Investments	29 943 073	20 671 363
	32 588 258	**22 796 580**

6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2017	Bank statement balances 30 June 2016	Cash book balances 30 June 2017	Cash book balances 30 June 2016
FNB- Main - 62023868998	(416 874)	1 761 758	(559 937)	1 732 801
FNB - Investment Account- 710044342667	408 732	381 689	408 732	381 689
FNB Bank- Investmenty Account - 74105603986	2 217 492	2 071 980	2 217 492	2 071 980
FNB Investment Account 62346755301	22 437	21 029	22 437	21 029
ABSA Bank - Current -4056102866	3 203 906	389 341	3 203 906	389 341
ABSA Bank- Call Account - 9159847532	79 474	74 969	79 474	74 969
Standard bank 30 Days Account - 268693404	6 871 771	6 190 920	6 871 771	6 190 920
NEDBANK - Investment Account - 4053523279	65 425	61 778	65 425	61 778
NEDBANK_ Investment Account - 309554919995	819 563	764 311	819 563	764 311
NEDBANK - Investment Account - 398012179996	518 568	485 054	518 568	485 054
ABSA Bank - Investment Account- 9293238154	10 375 312	351 231	10 375 312	351 231
FNB Bank- Investment Account - 74575685027	-	10 268 324	-	10 268 324
FNB Bank- Investment Account - 62575688513	2 923 605	78	2 923 605	78
FNB Bank - Investment Account - 71624611846	5 640 694	-	5 640 694	-
Total	**32 730 105**	**22 822 462**	**32 587 042**	**22 793 505**

7. Investment property

	2017			2016		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	16 114 609	(4 606 248)	11 508 361	16 114 609	(4 067 837)	12 046 772

Reconciliation of investment property - 2017

	Opening balance	Depreciation	Total
Investment property	12 046 772	(538 411)	11 508 361

Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	12 585 182	(538 410)	12 046 772

	2017	2016
Fair value of investment properties	12 400 000	12 400 000

Fair Value measurements

The investment Property was values on the 30th of June 2016 and the inspection of property was undertaken in May 2016, this valuation has been undertaken in accordance with Internation Valuation Standards by BPG Mass Appraisals (Pty) Ltd. The Property legal description is Erf 358 and 359 Maphumulo ERF 1 Township which is 5 733 meter squere. The market value of property is R12 400 000 (R200 000 land value and R12 200 000 building value).

Income Generated from investment property	R1 019 125
Total expenditure incurred relates to Investment property	R 392 610
Profit for the Year	**R 626 515**

8. Property, plant and equipment

	2017			2016		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land & Buildings	81 504 385	(9 667 884)	71 836 501	55 241 922	(7 269 680)	47 972 242
Plant and machinery	21 197 424	(4 763 065)	16 434 359	20 998 724	(3 374 316)	17 624 408
Furniture and fixtures	4 727 449	(2 430 583)	2 296 866	4 674 532	(2 061 634)	2 612 898
Motor vehicles	4 230 885	(1 998 962)	2 231 923	1 997 680	(1 634 945)	362 735
Office equipment	2 614 338	(1 532 509)	1 081 829	2 582 983	(1 171 450)	1 411 533
IT equipment	1 283 900	(606 302)	677 598	1 019 903	(408 163)	611 740
Infrastructure	91 107 282	(32 369 073)	58 738 209	91 107 282	(26 369 751)	64 737 531
Capital work in progress	40 039 856	-	40 039 856	43 302 190	-	43 302 190
Total	**246 705 519**	**(53 368 378)**	**193 337 141**	**220 925 216**	**(42 289 939)**	**178 635 277**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land & Buildings	47 972 243	579 716	-	25 682 747	-	(1 944 560)	(453 645)	71 836 501
Plant and machinery	17 624 408	198 700	-	-	-	(1 388 749)	-	16 434 359
Furniture and fixtures	2 612 898	216 860	(55 150)	-	-	(477 742)	-	2 296 866
Motor vehicles	362 735	2 233 205	-	-	-	(364 017)	-	2 231 923
Office equipment	1 411 534	42 590	(6 269)	-	-	(366 027)	-	1 081 828
IT equipment	611 740	308 974	(15 119)	-	-	(227 997)	-	677 598
Infrastructure	64 737 531	-	-	-	-	(5 999 322)	-	58 738 209
Capital Work in Progress	43 302 190	22 420 413	-	-	(25 682 747)	-	-	40 039 856
	178 635 279	**26 000 458**	**(76 538)**	**25 682 747**	**(25 682 747)**	**(10 768 414)**	**(453 645)**	**193 337 140**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Buildings	36 257 381	138 400	-	13 383 073	-	(1 552 983)	(253 629)	47 972 242
Plant and machinery	19 012 799	-	-	-	-	(1 388 391)	-	17 624 408
Furniture and fixtures	2 690 014	388 524	-	-	-	(465 640)	-	2 612 898
Motor vehicles	751 848	-	(96 026)	-	-	(293 087)	-	362 735
Office equipment	1 612 799	225 479	(54 153)	-	-	(372 592)	-	1 411 533
IT equipment	700 609	132 151	(7 396)	-	-	(213 624)	-	611 740
Infrastructure	53 860 876	-	-	16 725 449	-	(5 848 794)	-	64 737 531
Capital work in progress	46 906 436	26 504 276	-	-	(30 108 522)	-	-	43 302 190
	161 792 762	**27 388 830**	**(157 575)**	**30 108 522**	**(30 108 522)**	**(10 135 111)**	**(253 629)**	**178 635 277**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

8. Property, plant and equipment (continued)

Pledged as security

There were no assets pledged as security for the year ended 30 June 2017.

Assets subject to finance lease (Net carrying amount)

Motor Vehicle	-	113 984
Plant and Machinery	11 926 400	12 920 267

An assessment of the useful lives of property plant and equipment was conducted in the current reporting period. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

9. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 133 927	(152 371)	981 556	1 187 072	(862 822)	324 250

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software, other	324 250	798 181	(140 875)	981 556

Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Computer software, other	503 025	(178 775)	324 250

10. Long Term Borrowings

	2017	2016
Designated at fair value		
Bank loan - FNB	2 861 023	3 781 084
The bank loan was advanced by First National Bank for a period of 10 years commencing on 12 December 2008. An installment of R449 583.17 is payable quarterly in arrears.		
Non-current liabilities		
Designated at fair value	850 106	2 404 596
Current liabilities		
Designated at fair value	2 010 917	1 376 488

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

11. Finance lease obligation

Minimum lease payments due		
- within one year	680 229	6 514 121
- in second to fifth year inclusive	-	678 817
	680 229	7 192 938
less: future finance charges	(8 567)	(383 882)
Present value of minimum lease payments	**671 662**	**6 809 056**

Present value of minimum lease payments due		
- within one year	671 662	6 064 043
- in second to fifth year inclusive	-	754 571
	671 662	**6 818 614**

Non-current liabilities	-	672 047
Current liabilities	671 662	6 137 009
	671 662	**6 809 056**

FInance leases are comprised of the following

- Plant and machinery acquired under a finance lease agreement from ABSA bank at a total cost of R16 845 120.00 for a period of 36months. The lease acquisition dates for the equipment individually range from 01 June 2014 to 31 August 2014.

12. Payables from exchange transactions

Retention and Gaurantees	12 208 556	10 962 527
Trade payables	877 397	2 109 784
Accrued Bonuses	798 512	746 240
Accrued leave pay	2 441 940	1 859 497
Accrued Payroll Costs	1 622 269	368 503
Indemnity	925	3 325
Other debtors (PAYE Contol)	110 520	-
Other payables	551 722	19
	18 611 841	**16 049 895**

13. Rental of facilities and equipment

Hall Hire	6 769	19 326
Rentals	899 407	723 840
	906 176	743 166

14. Interest charged on trade and other receivables

Interest on Consumer debtors	1 243 367	1 381 999
Interest on Rental Debtors	214 218	86 227
	1 457 585	1 468 226

15. Other income

Administration fees & Commissions	4 374	5 141
Sundry income	79 913	1 618 840
Tender document sales	61 207	245 314
	145 494	**1 869 295**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

16. Investment revenue

Interest revenue		
Other financial assets (Investments)	696 096	443 881
Bank (Main and Current)	2 500 834	1 617 663
	3 196 930	**2 061 544**

17. Property rates

Rates received

State	22 984 554	23 898 259
Less: Income forgone	(10 326 363)	(9 823 941)
	12 658 191	**14 074 318**

Property rates levied in terms of the Local Governments : Municipal Property Rates Act No. 6 of 2004 with effect from 1 July 2009. Randage applicable to all properties equal to 0.05 as approved by the council. Rebates amount to 30% for all categories except for Ingonyama Trust Board which receives a 50% rebate. The current valuation roll was implemented on 1 July 2014.

The summary of valuation property ia as follows :

	No of Property	**Market Value**
Residential	63	21 052 000
Commercial	31	37 234 000
Industrial	01	800 00
Agricultural	03	370 000
Agricultural (Rural Communal)	27	108 602 000
Institutional	134	252 140 000
Specialized Property	16	53 080 000
Public Service Infrastructure	01	720 000
Municipal Property	317	31 707 000
	593	**505 705 000**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
18. Government grants and subsidies		
Operating grants		
Equitable share	71 404 000	74 233 292
Electrification CoGTA	-	1 218 518
Municipal System Improvement Grant (MSIG)	-	930 000
Housing Sector Plan	-	2 543
Finance Management Grant (FMG)	1 877 000	1 748 000
Sports Grant	145 763	1 622 672
LGSETA Grant	-	113 400
Feasibility Study	-	39 261
Expanded Public Works Program (EPWP)	1 236 288	1 003 000
Kwashushu Hot Spring	-	190 476
MAP Projects Consolidated	-	46 551
Infrastructure Investment Plan	-	14 622
Urban Design Framework	-	17 193
	74 663 051	81 179 528
Capital grants		
Integrated National Electrification Program (INEP)	15 100 000	8 000 000
Municipal Infrastructure Grant (MIG)	21 301 000	26 210 325
	36 401 000	34 210 325
	111 064 051	**115 389 853**

Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of :

Corridor Development	7 493 207	7 493 207
Small Town Rehabilitation Grant	8 693 734	8 693 734
Sport Grant	393 496	207 259
Titanium Mining	100 000	100 000
Finance Management Grant	-	52 000
Expanded Public Works Program (EPWP)	24 713	-
	16 705 150	**16 546 200**

Municipal Systems Improvment Grant (MSIG)

Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)
	-	**-**

Housing Sector Plan

Balance unspent at beginning of year	-	2 543
Conditions met - transferred to revenue	-	(2 543)
	-	**-**

Sports Grant

Balance unspent at beginning of year	207 259	1 829 931
Current-year receipts	332 000	-
Conditions met - transferred to revenue	(145 763)	(1 622 672)
	393 496	**207 259**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

18. Government grants and subsidies (continued)

Small Town Rehabilitation Grant

Balance unspent at beginning of year	8 693 734	8 693 734

Corridor Development Grant

Balance unspent at beginning of year	7 493 207	7 493 207

LGSETA Grant

Conditions met - transferred to revenue	-	113 400
Other	-	(113 400)
	-	-

Expanded Public Works Program (EPWP)

Current-year receipts	1 261 000	1 003 000
Conditions met - transferred to revenue	(1 236 288)	(1 003 000)
	24 712	-

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	4 521 325
Current-year receipts	21 301 000	21 689 000
Conditions met - transferred to revenue	(21 301 000)	(26 210 325)
	-	-

Feasibility Study

Balance unspent at beginning of year	-	39 261
Conditions met - transferred to revenue	-	(39 261)
	-	-

Titanium Mining

Balance unspent at beginning of year	100 000	100 000

Urban Design Framework

Balance unspent at beginning of year	-	17 193
Conditions met - transferred to revenue	-	(17 193)
	-	-

Kwashushu Hotsprings

Balance unspent at beginning of year	-	190 476
Conditions met - transferred to revenue	-	(190 476)
	-	-

Infrastructure Investment Plan

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

18. Government grants and subsidies (continued)

Balance unspent at beginning of year	-	14 622
Conditions met - transferred to revenue	-	(14 622)
	-	**-**

Integrated National Electrification Program (INEP)

Balance unspent at beginning of year	-	4 270 292
Current-year receipts	15 100 000	8 000 000
Conditions met - transferred to revenue	(15 100 000)	(8 000 000)
Repayment of 2014/15 Unspent Grant	-	(4 270 292)
	-	**-**

MAP Project Consolidated

Balance unspent at beginning of year	-	46 551
Conditions met - transferred to revenue	-	(46 551)
	-	**-**

Electrification - CoGTA

Balance unspent at beginning of year	-	1 218 518
Conditions met - transferred to revenue	-	(1 218 518)
	-	**-**

Financial Management Grant (FMG)

Balance unspent at beginning of year	52 000	-
Current-year receipts	1 825 000	1 800 000
Conditions met - transferred to revenue	(1 877 000)	(1 748 000)
	-	**52 000**

19. Revenue

Rental of facilities and equipment	906 176	743 166
Interest charged on trade and other receivables	1 457 585	1 468 226
Licences and permits	600	-
Other income	145 494	1 869 295
Interest received - investment	3 196 930	2 061 544
Property rates	12 658 191	14 074 318
Government grants & subsidies	111 064 051	115 389 853
	129 429 027	**135 606 402**

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	906 176	743 166
Interest charged on trade and other receivables	1 457 585	1 468 226
Licences and permits	600	-
Other income	145 494	1 869 295
Interest received - investment	3 196 930	2 061 544
	5 706 785	**6 142 231**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
19. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	12 658 191	14 074 318
Transfer revenue		
Government grants & subsidies	111 064 051	115 389 853
	123 722 242	**129 464 171**

Figures in Rand	2017	2016

20. Employee related costs

Basic	19 816 569	20 112 306
Bonus	1 317 831	124 351
Medical aid - company contributions	1 089 147	1 019 527
UIF	141 789	134 719
SDL	218 538	221 512
Defined contribution plans	2 235 568	2 130 295
Long-service awards	137 040	207 751
Car allowance	1 221 462	1 080 501
Housing benefits and allowances	190 012	188 400
Cellphone Allowance	47 191	24 427
Leave Accrued pay	759 611	186 435
Membership Fees	25 288	8 813
	27 200 046	**25 439 037**

Remuneration of Municipal Manager

Annual Remuneration	86 430	541 684
Car Allowance	-	116 377
Performance Bonuses	-	892
Contributions to UIF, Medical and Pension Funds	-	6 391
	86 430	**665 344**

During current year Mr NH Maphumulo was acting as Municipal Manager from 1 July to 23 September 2016 with out being paid any allowance therefore the acting for the current year only includes acting allowance of Mr. C.S. Mhlongo during his term in the office.

Remuneration of Chief Finance Officer

Annual Remuneration	110 975	89 525

Current year remuneration relates to acting allowance paid to Mr. V. Dube and G.S Majola during their term in the office.

Remuneration of executive directors

Annual Remuneration	642 314	607 826
Car Allowance	207 284	193 656
Performance Bonuses	-	570
Contributions to UIF, Medical and Pension Funds	9 445	8 084
	859 043	**810 136**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

20. Employee related costs (continued)

Remuneration of Executive Directors- Techncal and Housing

Annual Remuneration	480 236	607 826
Car Allowance	155 538	193 656
Performance Bonuses	-	570
Contributions to UIF, Medical and Pension Funds	7 513	8 084
	643 287	**810 136**

Corporate and Human Resources (Corporate Services)

Annual Remuneration	18 957	201 137
Car Allowance	-	49 377
Contributions to UIF, Medical and Pension Funds	-	28 111
SDL	-	8 096
Arbitration	-	375 854
	18 957	**662 575**

Current year remuneration relates to the acting allowance paid to Mr. M.H Gumede and Miss T.S. Sithole during their term in the office.

21. Remuneration of Councillors

Mayor	686 012	568 509
Deputy Mayor	326 651	251 330
Mayoral Committee Members	337 608	471 252
Speaker	329 264	251 330
Councillors	3 516 326	4 114 926
Skills Development Levy	-	53 419
Cellphone Allowance	347 800	104 340
Travel Allowance	968 188	511 326
	6 511 849	**6 326 432**

In-kind benefits

The Mayor a full time councillor and she received secretarial services and the use of a municipal vehicle, both were paid for by the municipality

The Deputy Mayor and Speaker received the use of municipal vehicle paid for by the municipality.

The Mayor has three full-time bodyguards paid for by the municipality.

22. Auditors' remuneration

Auditors' remuneration	1 097 624	1 116 498

23. Depreciation and amortisation

Property, plant and equipment	10 768 414	10 135 111
Investment property	538 411	538 411
Intangible assets	140 875	178 774
	11 447 700	**10 852 296**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

24. Finance costs

Other interest paid	804 887	1 519 572

25. Repairs and Maintenance

Sport field	33 390	-
Vehicles	1 090 239	1 427 464
Roads	327 950	-
Furniture and Equipment	45 858	80 647
Computer Equipment	1 410	2 209
Buildings	510 612	530 439
	2 009 459	2 040 758

26. General expenses

Advertising	446 823	291 082
Audit Committee	124 221	130 927
Bank charges	82 008	38 472
Billing charges	106 170	105 275
Electrification	11 870 974	10 795 731
Community development and training	5 335 397	4 767 845
Conferences and seminars	613 142	109 315
Electricity	1 169 097	1 039 172
Entertainment	126 785	157 773
Interest and penalties	47 767	27 610
Free Basic Services	466 454	192 708
Fuel and oil	2 032 072	1 344 017
Hire Charges	2 850 828	848 668
IDP Review	1 113 088	889 084
Insurance	765 975	291 072
LED Projects	152 646	22 350
Licences	607 149	829 674
Medical expenses	24 750	2 353
Other expenses	1 008 570	2 329 370
Postage and courier	523	962
Printing and stationery	193 105	162 322
Subscriptions and membership fees	667 558	482 097
Telephone and fax	1 066 981	775 120
Tourism development	784 853	826 977
Training	257 179	558 177
Travel - local	1 354 792	1 699 171
Uniforms	384 756	362 122
Valuation Roll	68 769	146 726
	33 722 432	**29 226 172**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

27. Cash generated from operations

Surplus	35 726 657	38 783 520
Adjustments for:		
Depreciation and amortisation	11 447 699	10 852 296
Loss on sale of assets and liabilities	145 952	145 234
Impairment deficit	453 645	253 630
Debt impairment	639 794	3 035 647
Movements in provisions	(5 355 458)	5 662 280
Changes in working capital:		
Receivables from exchange transactions	628 768	(861 984)
Consumer debtors	(3 058 168)	(3 769 790)
Prepayments	309 713	(40 019)
Payables from exchange transactions	2 561 950	59 565
VAT	453 016	(823 803)
Unspent conditional grants and receipts	158 949	(11 891 454)
	44 112 517	**41 405 122**

28. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	11 987 431	26 400 412
• Investment property	1 977 078	8 634 442
	13 964 509	**35 034 854**

Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	4 738 160	14 881 313

Total capital commitments		
Already contracted for but not provided for	13 964 509	35 034 854
Not yet contracted for and authorised by accounting officer	4 738 160	14 881 313
	18 702 669	**49 916 167**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	204 170	249 658
- in second to fifth year inclusive	-	204 170
	204 170	**453 828**

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

29. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	56 304	178 955

Reason for Fruitless and wasteful Expenditure
Included in the fruitless and wasteful expenditure is R1 037 interest charged by Telkom this interest was due to the late payment of the invoices. R7 500 amount paid for catering services and the event catered for didn't take place and R47 767 charged by SARS due to the late submission of PAYE returns .

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

29. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure are not yet recoverable at the year end and are currently being investigated by the council which will determine recoverability and any criminal or disciplinary steps to be taken.

30. Irregular expenditure

	2017	2016
Opening balance	89 954 780	67 944 598
Add: Irregular Expenditure - current year	1 973 000	11 768 013
Add: Irregular expenditure incurred in current year but identified in prior year	5 057 503	9 356 566
Add: Deviation	-	885 603
Less: Irregular expenditure written off by Council	(67 944 598)	-
	29 040 685	**89 954 780**

Summary of cases for 2016/17

	2017	2016
Current year	-	-
SCM Related cases	19	33
An investigation is underway into certain infrastructure payments made to contractors	-	4
Total number of cases	**19**	**37**

30. Irregular expenditure (continued)

Details of irregular expenditure – current year

	Details	
Irregular	Non-compliance with section 116(2)(a) of the Municipal Finance Management Act, Act no. 56 of 2003 state that the accounting officer of the municipality mus take all the reasonable steps to ensure that a contract or agreement procure trough supply chain management policy of the municipality or municipal entity is properly enforced.	4 599 357
Irregular	Non- compliance with section 116(1)(a)of the Municipal Finance management Act (MFMA), Act no. 56 of 2003 which states that a contract or agreement procured through the supply chain management system of municipal or municipal entity must be in writting	24 250
Irregular	The municipality have not complied with the Preferential Procurement regulation 2011 wich states that "A two- stage tendering process may be followed, where the first stage involve functionality and minimum treshold for local production and contect and the secon stage price and B-BBEE wth the possibility of price negotiations only with the short listed tenders"	391 698
Irregular	Non-compliance with supply chain management regulations paragraph 32(1)(c) of government gazzettee No. 27636 issued on 30 May 2005 state that a supply chain management policy may allow the accounting officer to procure goods and serrvices for the municipality or municipal entity under a contract secured by other organ of state, but only if the are demonstrable discounts or benefit fo the municipality or entity too	800 000
Irregular	Non-compliance with SCM process and regulations	1 215 199
		7 030 504

Irregular expenditure written-off by council has not yet been condoned by National Treasury. We are still awaiting this by National Treasury. This, therefore means that our total irregular expenditure for the year is R96 985 283.

Irregular expenditure are not yet recoverable at the year end and are currently being investigated by the council which will determine recoverability and any criminal or disciplinary steps to be taken.

31. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

Road repairs and maintenance amounting to R373 863 and constraction of ward 04 community hall amounted to R1 473 759 were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

32. Related parties

Related party transactions

Rent Income from Related Parties		
Maphumulo Independent Eletroral council (IEC)	48 586	4 844

33. Employee benefit obligations

Multi Employer Retirement Fund

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.

(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer. The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions.

Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.

33. Employee benefit obligations (continued)

Defined benefit plan

Retirement Fund

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els and Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R 251,2 (31 March 2011: shortfall of R 382,3) million, with a funding level of 90,6% (31 March 2011: 84,1%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (29,00%) should be sufficient to eradicate the shortfall in the fund by 31 March 2015. However, the basic contribution payable is 4,72% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17% of pensionable emoluments, of which 1,65% is payable by members and 15,85% is payable by the local authority. This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the sucharge be increased to 17.5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 34.22% with effect from 1 July 2012 for a period of 8 years.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund.

Superannuation Fund

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els and Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R 270,0 (31 March 2011: shortfall of R 549,5) million, with a funding level of 96,0% (31 March 2011: 90,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 3,63% (31 March 2013: 3,63%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 9,5% (31 March 2013 7,0%)of pensionable salaries. It was expected that the deficit will be fully funded by 2016.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the sucharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 31,13% with effect from 1 July 2012 for a period of 8 years.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund will merge with the Retirement Fund in the near future.

33. Employee benefit obligations (continued)

Post retirement gratuity plan

A long-service awards is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2016 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfounded defined benefit obligation were carried out as at 30 June 2017 be the ARCH Actuaries Consulting a member of the Actuarial Society of South Africa

A summary of the actuarial valuation results is as follows:

Key financial assumptions used for the purposes of the actuarial valuation	
Discount Rate	8,77%
General Salary Inflation (long term)	7,41%
Net effective Discount Rate	1,27%

Unfunded Accrued Liability	30 June 2017	30 June 2016
Current Portion of Liability	141 041	25 954
Non- Current Portion of liability	908 060	886 107
Unfunded accrued liability	**1 049 101**	**912 061**

Current service and interest costs	30 June 2017	30 June 2016
Current service cost	141 041	118 374
Interest cost	78 910	60 838
	219 951	**179 212**

The Current-service cost reflects the additional liability that is expected to accrue in respect of in-service members' service over the corresponding year.

The interest cost represents the accrual of interest on the accrued liability allowing for benefit vesting's, over the corresponding year. This arises because all future Long Service Award benefits are one year closer to payment.

33. Employee benefit obligations (continued)

Defined contribution plan

Municipal Councillors Pension Fund

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011. The interim valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R 1 483,786 381 (30 June 2010: R 1 123,672 020) million. The contribution rate paid by the members (13.75%) and the municipalities (15,00%) is sufficient to fund the benefits accruing from the fund in the future. As reported by the Actuaries, the Fund was in a sound financial condition as at 30 June 2011.

Provident Fund

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els and Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the market value of the fund was R 1 288,3 (31 March 2011: R 1056,2) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 6,00%, 9,90% or 14,25% plus an additional 3,75% by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2012.

None of the above mentioned plans are State Plans.

34. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	1 729 180	1 729 180
Consumer debtors	-	14 235 844	14 235 844
Cash and cash equivalents	32 588 258	-	32 588 258
	32 588 258	**15 965 024**	**48 553 282**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	2 861 023	2 861 023
Trade and other payables from exchange transactions	-	-
	2 861 023	**2 861 023**

2016

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	145 991	145 991
Consumer debtors	-	12 686 834	12 686 834
Cash and cash equivalents	22 796 580	-	22 796 580
	22 796 580	**12 832 825**	**35 629 405**

Notes to the Annual Financial Statements

Figures in Rand

. **Financial instruments disclosure (continued)**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	3 781 084	3 781 084
Trade and other payables from exchange transactions	16 049 895	16 049 895
Other liability 1	6 809 056	6 809 056
	26 640 035	**26 640 035**

35. Contingencies

Case1
Litigation is in the process between the municipality and Only If Management CC under the case number 10108/2013 . Only If Management CC is suing Maphumulo municipality an amount of R8 609.32 in damages for an alleged unilateral termination of an alleged contract which contract we disputre as non-existent. This case was before Pietermaritzburg Highcourt on the 14th July 2017 for a Pre-Trial Conference and it was then certified ready for trial.

36. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

37. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	500 000	475 000

Event After Reporting Date

There is no adjustment event after reporting date.	-	-

Audit fees

They is no audit fee amount were outstanding at the end of the year.

PAYE and UIF

Amount paid - current year	2 377 356	4 455 364

R349 008 of PAYE and UIF were outstanding at as at the financial year end

37. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Amount paid - current year	3 324 715	974 058

R447 124 of Pension and Medical aid were outstanding at as at the financial year end

VAT

VAT receivable	3 542 911	3 995 927

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

There were no Councillors in arrears for more than 90 days at any time during the year ended 30 June 2017:

38. Staff Debtors

R395 327.00 is amount paid to employees as a study assisstance during the financial year end 2016/17.

39. Provisions

Non-current liabilities	908 060	886 107
Current liabilities	141 041	5 518 452
	1 049 101	**6 404 559**

Non-current liabilities
Non-current liabilities are made of Long service award provision of R908 060

Current Liabilities
Current liabilities includes the Long service award provision of R 141 041.

40. Debt impairment

Contributions to debt impairment provision - Rental debtors	46 302	217 647
Contribution to debt impairment provision - Consumer Debtors	593 492	1 706 953
	639 794	**1 924 600**

41. Impairment of assets

Impairments

Property, plant and equipment	453 645	253 630

42. Contracted services

Information Technology Services	610 716	370 140
Other Contractors	9 058 267	16 497 468
	9 668 983	**16 867 608**

43. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 218 091 421 and that the municipality's total assets exceed itsLiabilities by R 218 091 421.

The municipality's current liabilities are secured against the municipal current assets as it can be seen that current assetrs are greater than current liabilities and there is a surplus of R14 022 529 (R52 163 140 current assets less R38 140 611 current liabilities). This shows a huge improvement compared to last financial year where current liabilities were not secured against current assets and they was a deficit of R4 678 758. The reason of the surplus in the current financial year is because the municipality did not increase it borrowings i.e all assets bought during this financial year were bought for using cash and municipality has almost settled the major loan from ABSA bank which financed municipal plant. Included in the current liabilities are unspent conditional grants of R16 705 150 that always need to be cash backed. included in the unspent grants amount is R16 186 941 from COGTA received long time ago.Current Assets includes of VAT receivables of R3 542 911 which would be received from SARS during next financial year, Consumer debtors include Government debtors of R6 895 064 which there is no doubt that amount would be receive during next financial year.

The going concern of the municipality might be negatively effected should any or all of its debtors fail to settle their accounts and the municipality end up relying on its cash and cash equivalents of R32 588 258 to settle the current liability of R38 140 611.

Appendix A

Schedule of external loans as at 30 June 2017

	Loan Number	Redeemable	Balance at Thursday, 30 June 2016 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Friday, 30 June 2017 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock								
First National Bank Loan			3 795 256	-	1 376 488	2 418 768	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			3 795 256	**-**	**1 376 488**	**2 418 768**	**-**	**-**
Structured loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Funding facility								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Development Bank of South Africa								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-

Appendix A

Schedule of external loans as at 30 June 2017

	Loan Number	Redeemable	Balance at Thursday, 30 June 2016 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Friday, 30 June 2017 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Bonds								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Other loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Lease liability								
ABSA Finance Lease			671 662	-	671 662	-	-	-
Wesbank Finance Lease			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			671 662	**-**	**671 662**	**-**	**-**	**-**
Annuity loans								
			-	-	-	-	-	-
			-	-	-	-	-	-

Appendix A

Schedule of external loans as at 30 June 2017

	Loan Number	Redeemable	Balance at Thursday, 30 June 2016 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Friday, 30 June 2017 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Government loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Total external loans								
Loan Stock			3 795 256	-	1 376 488	2 418 768	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			671 662	-	671 662	-	-	-
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			4 466 918	**-**	**2 048 150**	**2 418 768**	**-**	**-**